

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of:

The Wireline Competition Bureau	)	CC Docket 96-45
Seeks Comment on Petitions	)	WC Docket No. 03-109
Concerning Eligible Telecommunications	)	
Designations and the Lifeline and Link-Up	)	
Universal Service Support Mechanism	)	

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**COMMENTS OF  
LEAGUE OF UNITED LATIN AMERICAN CITIZENS**

The League of United Latin American Citizens (LULAC) respectfully submits the following Comments in support of the Petitions of TracFone Wireless, Inc. (“TracFone”), Cc Docket 96-45 and AT&T, WC Docket 03-109 in order to increase the access of low-income people to competitive communications services. In particular, we support the inclusion of wireless providers and resellers as Eligible Telecommunications Carriers (“ETC”) in the Lifeline Universal Service Program for the reasons stated below.

**I. Introduction**

With approximately 115,000 members throughout the United States and Puerto Rico, LULAC is the largest and oldest Hispanic organization in the United States. The mission of LULAC is to advance the economic condition, educational attainment, political influence, health and civil rights of the Hispanic population of the United States. TracFone’s Petitions further these goals.

LULAC has a strong and ongoing interest in the Lifeline Program. Among other things, we have advocated for expansion of eligibility for low-income consumers and for other program enhancements that would increase the knowledge of and enrollment in the program. There have been extraordinary changes in the telecommunications marketplace over the last decade, which has provided consumers with more competition, choice and lower prices. We submit that the benefits of this competitive telecommunications environment should be extended to Lifeline participants as well. Opening up eligibility for ETC status to a range of competitive providers, whether wireline or wireless, facilities based or resellers, is in the public interest. It will provide more choices to Lifeline participants at more affordable prices and increase enrollment of low-income consumers in the program.

## **II. Low-income Consumers Need Access to Wireless Service**

Consumers in every income bracket find wireless phone service to be a necessary convenience. Many are now migrating from wireline to wireless as their exclusive provider. Low-income consumers especially need wireless service to stay in communication with family and other important contacts. Many low-income consumers travel long distances to work, and many others work at outdoor jobs or jobs with no phone access. Some low-income consumers work several jobs, meaning they are rarely at home where they could make use of a landline phone. Other low-income consumers, such as migrant workers, move frequently and work in or travel through rural areas with little access to regular landline phone service. Seniors and people with disabilities, as

well as their caretakers, rely on wireless phones for security and access to healthcare and emergency services.

A recent survey by the Pew Project for the Internet and American Life makes clear that mobile phone use is growing among low-income consumers. 51% of households with an income of \$20,000 use mobile phones, and 56% for household incomes under \$30,000. For single women heads of households with incomes less than \$30,000, that usage jumps to 72%, which is only 2% less than the national rate for all Americans, 74%.<sup>1</sup> For these customers, a wireless phone offers mobility, security, and convenience that a traditional landline telephone cannot offer.

Pre-paid wireless phone service has become an alternative to regular in-home phone service for many low-income consumers. For some consumers, pre-paid wireless phone service is the lowest-cost alternative for obtaining cellular phone service. Per minute charges are usually higher for pre-paid service than for conventional, post-paid service, but pre-paid wireless phone users can pay much less per month than they would if locked into an annual contract with a set monthly charge. This is especially beneficial for consumers keeping cell phones for use on an emergency basis only. Consumers wanting cell phone service to call for medical help or to receive emergency calls from their child's school or caregiver can do so using a prepaid wireless service.

Some consumers also find it easier to stay within budget with a pre-paid wireless service. For example, with the services described in the TracFone petition, consumers pre-pay for a limited amount of toll and local service. Unlike wireless services with

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<sup>1</sup> Pew Internet and American Life Project, February 2004 Survey

monthly consumer contracts, there is no danger that low-income consumers will be hit with budget-busting late charges, or large charges for heavy calling. The amount of service provided per expenditure is also predictable because customers are charged uniform rates throughout the country. Additionally, because there is no credit check required for purchase of pre-paid wireless services, consumers whose low credit rating would keep them from obtaining a post-paid wireless contract are still able to obtain wireless phone service.

For some segments of the low-income market, pre-paid wireless service is the better choice. For these consumers, it could be the only realistic and affordable way to obtain the wireless phone service they need and is a better option than wireline.

### **III. The Public Interest will be served by granting ETC status to wireless providers**

Telecommunications providers should be designated as ETCs, provided that they certify that they have the ability to provide all services and functionalities supported by the Lifeline universal service program and that, when designated as ETCs, they offer the Lifeline service to all qualifying customers within the designated service area.

In particular, the designation of wireless providers, whether sellers or resellers, as ETCs will allow low-income consumers access to the benefits and convenience offered by wireless service. As the TracFone Petition makes clear, ETC designation for wireless providers will increase consumer choice by offering low-income customers an alternative to the incumbent landline phone companies. It will also increase access to services that

may not be affordable to low-income consumers when provided by traditional local phone and wireless service companies. These services include larger local calling areas, Caller ID, voice mail, call forwarding, and long distance with no toll charges. Allowing access to universal service subsidies for all consumer-friendly sellers or re-sellers of wireless service would benefit the low-income consumers for whom the program was envisioned to assist.

Moreover, expanding the range of service providers eligible to receive support under the Lifeline Program would create an environment where ETCs would compete for Lifeline customers, providing a powerful incentive for carriers to engage in vigorous outreach to Lifeline eligible consumers. It would also create an incentive for carriers to provide more diverse offering and better service. That in turn, would enhance awareness of and participation in the Lifeline Program, a key objective of the program.

#### **IV. Competitive Access to the Universal Service Fund (USF)**

The current ETC requirements for Lifeline providers impose a high barrier to entry for companies seeking to participate in the program and serve low-income consumers. Those requirements do not always serve the goals of the program. For example, in the realities of the current marketplace, wireless phone service providers own and operate few, if any, traditional telecommunications facilities. For this reason, the requirement that wireless providers actually own facilities in order to be an ETC seems anachronistic. These criteria were set forth in 1997 in relation to the re-sale of incumbent local exchange carrier wireline local service, which already receives the benefit of the USF. The wholesale cellular marketplace is structured in such a way that the service sold

to re-sellers does not receive the benefits of the USF. Given the structure of wireless communication wholesale pricing and the current negotiation-based price setting, it seems clear that no “double-dipping” into the USF occurs. It does not serve low income consumers to block the expansion of the successful and beneficial Lifeline and Link Up programs to wireless service providers in order to comply with an outdated set of criteria.

## **V. Conclusion**

In conclusion, we commend the Commission for seeking public comment on this critical question and for its recent order expanding eligibility for Lifeline to more low-income Americans. We urge that the Commission couple those program changes with changes in the eligibility criteria for ETC status for Lifeline, including access to wireless services. By doing so, the express goals of Lifeline will plainly clearly served.

Respectfully submitted,

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